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U.S. files may link Billy to arms deal

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WASHINGTON — Congressional investigators have received Justice Department files alleging that President Carter's brother Billy flirted with a scheme to obtain machine guns for the pro-terrorist Libyan government, House and Senate sources told The Tribune.

The machine gun sale, which apparently never came off, is one of several potentially explosive side issues in the Billy Carter-Libyan controversy, according to Sen. Birch Bayh, the chief congressional prober in the matter. Bayh said the side issues could prolong the scandal well into the presidential campaign.

Among other potentially damaging issues contained in the Justice Department files now in Bayh's possession are allegations involving a Libyan scheme to bribe the chairman of the Democratic National Committee [DNC] and a number of leads provided by financier Robert Vesco.

THE MACHINE-GUN sale case is perhaps the most bizarre side issue yet. It focuses on Francis Terpil, a former CIA agent and soldier of fortune who allegedly has run a global hit squad for Libya.

Sources said the Justice Department began questioning Billy Carter about Terpil after spotting a news magazine photograph that they believe shows Billy Carter and Terpil sitting side by side in a crowded grandstand in Libya.

One House source, who admitted that he had only skimmed the files the Justice Department supplied congressional investigators, said he found two documents about the Billy Carter-Terpil inquiry. Both were contradictory interviews with Billy Carter.

The Terpil case — without mention of Billy Carter — surfaced here in April when Terpil and Ed Wilson, another former CIA employee, were indicted by a District of Columbia grand jury on a raft of charges.

Wilson and Terpil were charged with acting as unregistered agents for Libya, for conspiracy to murder a Libyan defector in Egypt, and for transporting explosives abroad.

THE TARGET of the murder-conspiracy, the grand jury alleged, was Umar Muhayshi, a former adviser of Moammar Khadafy who defected in Egypt in 1976. The plot included an offer of \$1 million cash for his elimination.

Terpil is now free on \$100,000 bond after pleading innocent on all counts. A federal district judge here, because of publicity surrounding the President's brother, set his trial for Nov. 5, the day after the general election.

Grand jury members never received the allegations about Billy Carter because prosecutors found no criminal behavior in the fact that Carter and Terpil allegedly talked about a gun deal.

THE JUSTICE Department documents mentioning Billy Carter indicate that he first was questioned about Terpil by the Foreign Agent Registration Section at the Justice Department after the investigation into his Libyan ties began.

The documents seen on Capitol Hill indicate that when first questioned, Billy Carter said he had discussed a machine gun scheme with Terpil. At a second session, in March, Billy Carter denied that he had told the Justice Department officials about any machine gun discussion and emphatically denied such a scheme was ever discussed.

Terpil denies that he is the man next to Billy Carter in the photograph, but did admit that he was in the grandstand the day Billy Carter was photographed.

There was little indication that Senate investigators were trying to link Billy Carter with the ex-CIA agents' scheme but one expert noted that the panel is examining Libyan activities over a broad range.

Bayh's subcommittee received the Justice Department material as part of a blanket request for all records pertaining to grand jury probes of Libyan influence in the United States.

A GRAND JURY in New York also has probed another explosive Libyan angle — whether efforts were made to bribe DNC Chairman John White and other officials in an effort to arrange a White House meeting for Libyan envoys.

According to testimony received by that grand jury, the Libyans indicated they would pay for such access because

week toward reviewing the complicated charges and countercharges surrounding Vesco and his part in alleged efforts to bribe Carter administration officials.

Senate sources familiar with the Vesco investigations told the Tribune that the fugitive has provided numerous leads he claims could substantiate his allegations about bribes to persons with White House contacts.

The senator reportedly has ordered his staff to propose sending a Senate representative to Vesco's Bahamian hideaway to question him about the Libyan schemes.

One of his committee colleagues, Sen. Dennis DeConcini [D., Ariz.] and Sen. Orrin Hatch [R., Utah], visited Vesco in the Bahamas last week and returned with an account of the financier's story which Vesco quickly disputed.

DeConcini said Vesco told him that he was speaking out against Billy Carter in a drive to get even with the White House for not dropping criminal charges against him of looting \$224 million from an investor's fund.

Bayh aides emphasized that the senator intends to pursue "certain" leads offered by Vesco.

ALL OF THESE allegations are in two Justice Department volumes marked classified and two volumes which are not classified. Late last week Republican House members dribbled out details in some of the files, including Billy Carter's bragging about being given secret State Department cables by his brother, the President.

The resulting furor dominated the news for two days after the White House first simply admitted the President discussed classified data with his brother and then the next day released the cables in question.

The Republican leaks are part of a fierce partisan rivalry that is complicating the investigation. The Democrats are pressuring Bayh to conclude the probe quickly because of the fall elections.

It was learned that Majority Leader Robert Byrd [D., W. Va.] had pressed Bayh to agree to an August 31 deadline, but that the subcommittee chairman only agreed to "try" to meet such a goal.